

# The Financial Times of Indiana

## Balanced budget news from the Office of Governor Frank O'Bannon

Tuesday, February 19, 2002

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### The News in brief...

Faced with a potential deficit of more than \$1.3 billion by July 2003, Governor Frank O'Bannon yesterday detailed \$109 million in painful cuts to state government. These cuts are part of the \$782 million in cuts and savings outlined in his Balanced Budget Plan, and will occur regardless of action on House Bill 1004. Another \$203 million in reversions must still be made during FY 2003.

The Governor has been cutting back for two years. This latest installment represents real and very specific cuts. Alternatives to the Governor's ideas must be real and very specific if the state's budget crisis is to be resolved.

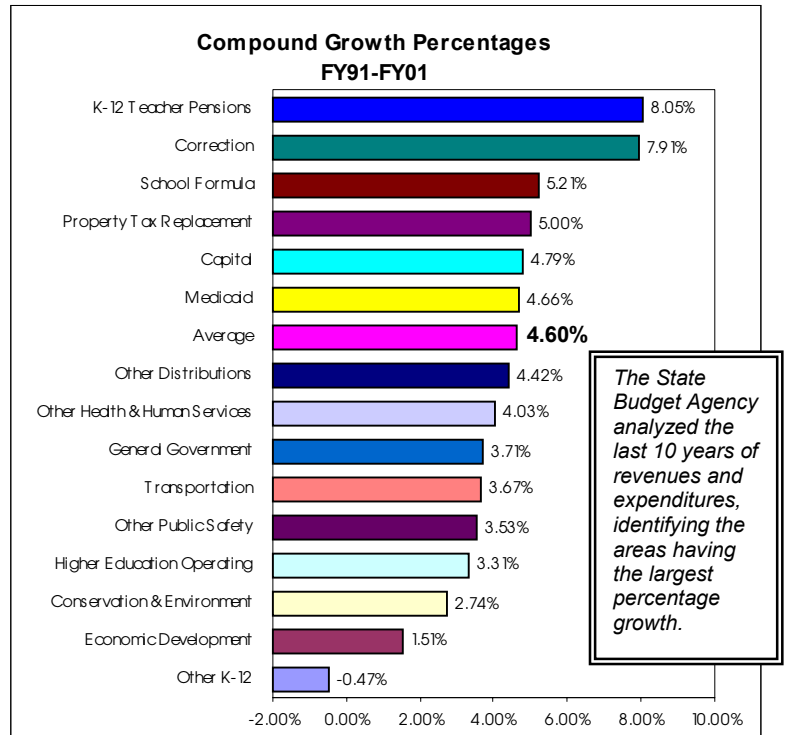
Despite these massive cuts, another **\$800 million more** will have to be slashed to bring the budget into balance if the Legislature does not provide new sources of revenue, as the Governor called for in November when he first announced his Balanced Budget Plan. The Plan depends on deep spending cuts, spending some of the state's reserve balances, as well as revenue reallocations and new revenue from cigarette and gaming taxes.

Most of those actions were included in House Bill 1004 as approved by the Indiana House of Representatives. The Indiana Senate Finance Committee will act on HB 1004 this week.

Governor O'Bannon has called on the Senate to maintain key provisions of HB 1004, and to provide the resources needed to balance the budget in a way that is fiscally responsible, and that protects education, public safety, human services and government accountability.

Unless that happens, it will be difficult to continue to protect education from future cuts, he said.

### A decade of Indiana's spending growth



### What's next for HB 1004?

Final hearing in Senate Finance Committee, Thursday, February 21, at 9:30 a.m., Room 431 Indiana Statehouse

**Call your State Senator to support action now  
to address the budget crisis**

1-800-382-9467

### Highlights of the cuts, which begin July 1, 2002

- Cut Small Business Development and Economic Development budgets
- Reduce Skills 2016 program grants
- Reduce Capital Access Program loans
- Close Westville Transition Unit
- Close Wishard Detention Unit
- Eliminate State Funding for Hoosier State Games
- Close Wyandotte State Recreation Area swimming pool
- Close Bass Lake State Beach
- Close some campgrounds, picnic areas, shelter houses
- Reduce expenses in the Indiana Supreme Court
- Reduce staff in the Governor's Office
- Close boat ramps on four reservoirs and one lake
- Eliminate DNR cultural arts program
- Eliminate special events at state parks and reservoirs
- Reduce Step Ahead funding to counties
- Reduce Food Stamp program

- Transfer funding of Larue Carter Memorial Hospital School to local level
- Continue to slow expansion of Developmentally Disabled waiver program
- Continue to slow expansion of CHOICE program
- Eliminate Client Services for Physically Disabled program
- Reduce artist and local agency funding
- Reduce staff in the Lieutenant Governor's Office
- Reduce agricultural grants
- Discontinue teacher preparation program
- Eliminate Emergency Medical Services Equipment Incentive Grant program
- Cut number of student assistance grants
- Reduce worker-training programs
- Reduce Skilled Credential Program
- Reduce workplace literacy program
- Cut another 400 state positions on top of 700 already cut